

# STATE OF HAWAII

## Accounting Manual

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Volume I

Part 300: Organization for Financial Administration

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### SECTION 350: DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

The Comptroller of the State of Hawaii, who is also the director of the Department of Accounting and General Services, is assigned by statute several distinct responsibilities on the statewide level of financial administration. These financial responsibilities are managed through two functional divisions within the Comptroller's department -- the Accounting Division and the Audit Division. Their activities are briefly described in the following paragraphs.

#### Accounting Division

In the Accounting Division, there are three organizational branches performing fiscal activities as assigned by the Comptroller. The Uniform Accounting and Reporting Branch records all financial transactions involving State funds. In performing the final general ledger accounting for the State, the Uniform Accounting and Reporting Branch maintains subsidiary accounting records detailed, by department and program, as to appropriation, allotment, encumbrance, and source of receipt. These records provide a basis for control over the amount of funds available to departments for expenditure.

The records of the Uniform Accounting and Reporting Branch also provide the basis for reports. In satisfaction of statutory requirements, a major report is published annually of all receipts and expenditures and is widely distributed in a pattern followed by other states' comptrollers. Less formal reports are prepared quarterly, consisting primarily of status reports of available funds, for use within the State government. Generally, any other accounting reports of a statewide nature required of the Comptroller are drawn from the records of the Uniform Accounting and Reporting Branch.

The Pre-Audit Branch, also in the Accounting Division, examines all claims against the State Treasury prior to payment. The claims are examined primarily for compliance with legal requirements and for the propriety of the charge against the account indicated by the claim. These broad examination objectives apply to payroll claims, as well as to voucher claims; Central Payroll is the functional name under which all payroll activities are performed.

Other activities of the Pre-Audit Branch under the broad examination objectives stated above include: certifying availability of funds for formal contracts; maintaining a subsidiary contracts payable ledger; controlling the issuance of all warrants drawn against the State Treasury; maintaining a subsidiary workmen's compensation payable ledger; controlling employees' beneficiary designations; and verifying various types of escheat claims.

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SECTION 350: DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES (cont'd.)

Accounting Division (cont'd.)

The third organizational branch of the Accounting Division is the Systems Accounting Branch, whose main assignment is the continuing revision of the State's accounting system. The accounting needs of the State change with the growing volume and complexity of its functional operations. The Systems Accounting Branch is responsible for meeting those accounting needs through analysis and design of required changes, with priority of concern given to the statewide level of accounting performed immediately under the Comptroller's direction. The Systems Accounting Branch also provides assistance on the departmental and agency accounting level in connection with the statewide accounting system, or with special accounting requirements.

Related responsibilities of the Systems Accounting Branch are forms control and maintenance of the State's accounting manual.

Audit Division

The function of the Audit Division is to provide an independent appraisal and evaluation of the financial, accounting, or other related operations of the various organizations within the State government. Audits may be performed at the request of the organization to be examined, or they may be conducted at the initiative of the Comptroller or other State officials with managerial authority. Numerous audits are also required of the Audit Division under statute.

Reports issued by the Audit Division as a result of its examinations may include appraisals of the adequacy of the accounting system and the effectiveness of internal control procedures, as well as the more traditional opinion as to the fairness of the financial statements.

July 1, 1969